BRITISH COLUMBIA
The Best Place on Earth

BCStats

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Exports ◆ April 2010

- There was a 2.5% increase in the value of British Columbia origin exports in the first four months of 2010 compared to the same period a year earlier. Strong growth in shipments to Mainland China (+33.1%) continues to be the main contributor to BC's overall export growth, more than offsetting a 3.1% decline in shipments to the United States. Exports to India, which suffered a severe slump in 2009, appear to be bouncing back as the value of shipments was seven times what it was in the January to April period in 2009. Other destinations to which there has been double-digit growth in exports include Australia (+36.1%) and Mexico (+27.7%).

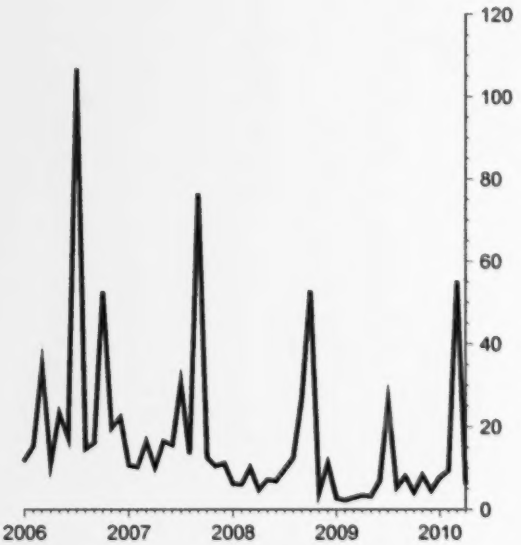
- Metallic mineral product exports jumped 38.3% with shipments of copper (+59.4%) and molybdenum ores and concentrates (+25.0%), unwrought zinc (+76.6%) and other metallic mineral products (+29.6%) all experiencing robust growth. However, unwrought aluminum exports bucked the trend, falling 13.3%.

- It appears that BC's forest sector is starting to recover from a rather dismal 2009 as year-to-date exports of both solid wood products (+17.9%) and pulp and paper (+1.2%) have risen compared to the same period in 2009. A 25.8% jump in shipments of softwood lumber helped offset declines in exports of cedar shakes and shingles (-13.8%), softwood plywood and veneer (-19.7%) and selected value added products (-10.5%). Exports of logs (+29.8%), other panel products (+9.2%) and miscellaneous other solid wood products (+13.0%) also saw strong growth in the first quarter. For pulp and paper, a 24.9% rise in shipments of pulp drove the entire increase as paper exports fell 29.8%.

- Coal has been the top BC export year-to-date, despite the fact that coal shipments are down 11.2% from 2009. However, the decline is entirely due to a drop in price as volumes shipped have actually soared 54.1%. The decline in the value of coal exports pushed overall energy exports down 2.4%, despite the fact that electricity exports grew 56.3%, shipments of natural gas edged up 0.4% and other energy product exports jumped 60.4%.

- Several other major commodity groups continue to experience weakness in exports. Shipments of machinery and equipment fell 7.9%, exports of chemicals and chemical products slumped 6.3% and shipments of agriculture and food (-6.7%) and fish products (-5.5%) also dropped.

BC's exports to India have been very erratic



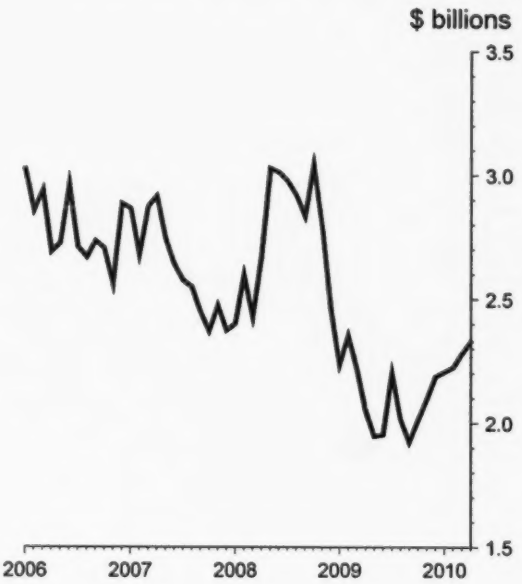
SEASONALLY ADJUSTED EXPORTS

Seasonal adjustment supplies a means of making month-to-month comparisons by removing the regular periodic seasonal fluctuations that occur. Variations from normal seasonal patterns are revealed in the seasonally adjusted data series.

- BC's exports increased 2.1% in April, marking the seventh straight month that exports have risen. An 8.1% jump in shipments of energy products was the largest contributor to the overall increase, but forest product exports also saw strong growth (+3.2%). The robust growth for these two commodity groups offset a 3.7% drop in shipments of industrial and consumer goods and a 1.3% dip in exports of agriculture and fish products.

- All of the growth in BC's exports was to overseas destinations (+7.1%), as shipments to the US fell 2.9%.

Exports (adjusted for seasonality) climbed for the seventh consecutive month in April



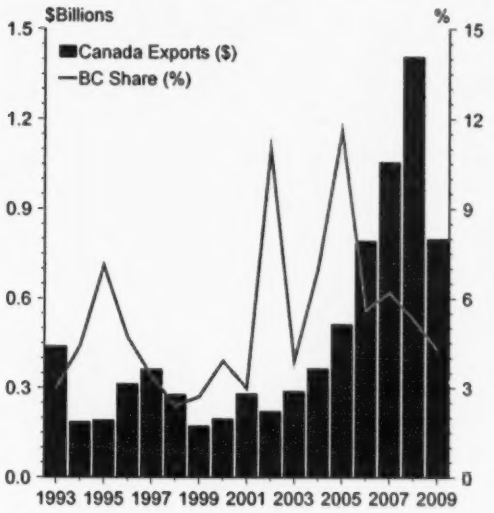
BC Exports, Seasonally Adjusted ($Millions)

Month	Agriculture & Fish	Energy	Forest Products	Machinery& Equip, Auto	Industrial, Consumer	Total	Exports to USA
Apr 2008	192	731	804	320	622	2,669	1,535
May	187	856	858	322	804	3,027	1,423
Jun	185	997	792	329	710	3,012	1,542
Jul	181	1,068	807	324	594	2,975	1,625
Aug	201	856	763	345	755	2,919	1,428
Sep	209	868	807	330	622	2,835	1,396
Oct	221	1,005	841	349	626	3,041	1,567
Nov	210	907	744	343	583	2,789	1,428
Dec	207	775	695	322	463	2,461	1,294
Jan 2009	212	610	641	302	472	2,236	1,231
Feb	208	747	622	287	490	2,353	1,222
Mar	200	606	602	271	536	2,216	1,100
Apr	195	555	592	269	441	2,052	1,060
May	193	497	570	272	415	1,947	1,057
Jun	194	508	564	255	433	1,953	1,008
Jul	205	682	585	271	459	2,201	1,041
Aug	178	529	579	250	479	2,015	1,002
Sep	171	494	577	228	454	1,924	999
Oct	185	477	583	247	520	2,012	1,034
Nov	177	534	600	248	538	2,097	1,073
Dec	177	592	614	261	543	2,187	1,086
Jan 2010	176	622	644	258	507	2,206	1,118
Feb	190	573	676	245	541	2,224	1,085
Mar	190	591	677	252	570	2,280	1,139
Apr	187	639	699	254	549	2,328	1,106

Canada Has Shown No Rush to Trade with Russia

According to a recent Canadian Senate Committee report, Canada has not realized its full potential in terms of trade and investment with Russia.[1] While trade and investment between the two countries has been rising, it still represents a small fraction of Canada's overall trade and investment. For example, in 2009, Russia ranked 25th as a destination for Canadian commodity exports with only 0.2% of goods exported from Canada destined for that country. With approximately 0.4% of Canadian imports originating in Russia, it ranked 24th as a source for imported goods into Canada.

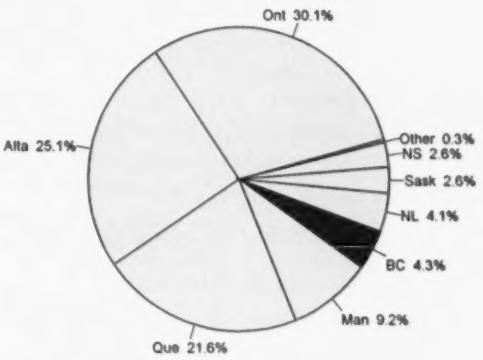
Although shipments have been rising, Canada still exports relatively little to Russia



Source: Statistics Canada

Russia was even less significant as a destination for exports from British Columbia, ranking 32nd with only 0.1% of the province's commodity exports shipped there. British Columbia ranked fifth among the provinces as a source of Canadian goods exports to Russia in 2009 with just over four percent of Canadian exports to that country originating in British Columbia.

Only a small portion of Canadian exports to Russia originates in British Columbia



Source: Statistics Canada

Ontario (30%), Alberta (25%) and Quebec (22%) were the main Canadian sources of exports to Russia. Manitoba (9%) also ranked ahead of British Columbia. The top Canadian exports to Russia in 2009 were swine meat and aircraft, both mainly from Ontario and Quebec. British Columbia's top exports were seafood and machinery and equipment used in the mining industry.

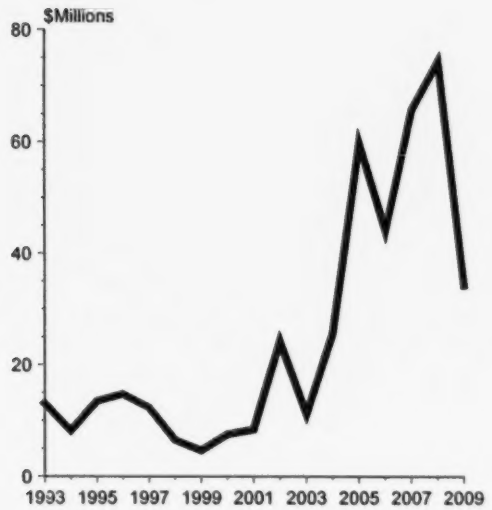
While BC's trade with Russia is still quite small, it has grown substantially in the last decade, rising from less than $15 million through the

[1] Standing Senate Committee on Foreign Affairs and International Trade, *Canada and Russia: Building on Today's Successes for Tomorrow's Potential*, March 2010.

1990s to a peak of $74 million in 2008, before plunging to only $34 million in 2009. While the global economic downturn likely was responsible for some of that decline, the Senate Committee report suggests that Russian protectionism was a large reason for the drop in Canadian shipments to Russia. In fact, the report asserts that the combination of protectionism and "onerous bureaucratic processes" has prevented the two countries from fully realizing their mutual commercial potential:

> Russian bureaucracy is not for the faint at heart and can certainly delay without an apparent rationale the pace at which business is carried out. In effect, the bureaucratic process is hampered by numerous regulations, onerous procedures, inconsistent application, ambiguity and lack of transparency.[2]

BC exports to Russia climbed through most of the decade before slumping in 2009

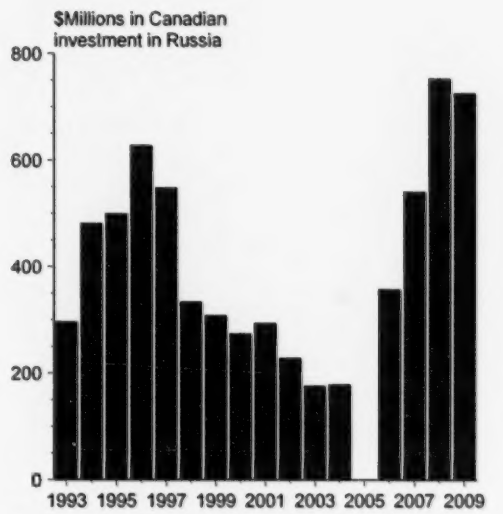


Source: Statistics Canada

In addition to protectionist sentiment and overarching bureaucracy, Russia also suffers from high levels of corruption. Transparency International ranked Russia 146th out of 180 in its Corruption Perception Index in 2009 with a score of 2.2 on a ten-point scale, where ten indicates no corruption and zero denotes complete corruption.[3] According to Transparency International's survey, the highest levels of corruption in Russia are found in the ranks of public officials and civil servants. The levels of corruption found in Russia make it a difficult place to do business and a risky place in which to invest.

On the positive side, the Russian government recognizes the problem and is taking steps to bring the corruption under control. It has also introduced new initiatives to encourage foreign investment.

Canadian investment in Russia has grown significantly over the last few years



Source: Statistics Canada

Note: Data for 2005 was suppressed to meet confidentiality requirements

[2] Senate Committee, p. 22.

[3] See: http://www.transparency.org

However, there is still relatively little Canadian foreign direct investment in Russia and even less Russian direct investment in Canada. In 2009, Canadians invested approximately $725 million in Russia, while Russians invested about half that in Canada. Nevertheless, these levels of investment are still far higher than those experienced early in the decade when Canadian foreign direct investment in Russia dipped to less than $200 million and there was practically no Russian investment in Canada.

Given the size of the Russian economy, it has a lot of potential as a trade partner and a place in which to invest. The Senate report identifies a number of areas where there are opportunities for Canadian exporters and investors, including infrastructure development, transportation, agriculture, wood and paper, housing construction, green technologies and mining. However, Canadian companies will have to exercise caution and have a great deal of patience, taking a long-term view of the opportunities available in Russia. The high level of corruption and protectionism will likely discourage many and until Russia can deal with these internal problems, it is unlikely that we will see a large jump in trade and investment with that country.

Recent Feature Articles in Exports Release
Listed by Statistical Reference Date of Issue

10-04 *Canada Has Shown No Rush to Trade with Russia* *(released June 2010)*

10-03 *Energy Fuels BC's Trade with Washington State* *(released May 2010)*

10-02 *Economic Downturn Kept the Lid on Container Traffic in 2009* *(released April 2010)*

10-01 *Stormy Weather: BC Exports in 2009's Economy* *(released March 2010)*

09-12 *Provincial Export Comparison* *(released February 2010)*

09-11 *BC's Exports to Oceania Watered Down in 2009* *(released January 2010)*

09-10 *High Dollar Spurs Capital Investment* *(released December 2009)*

09-09 *BC's Pulp and Paper Exporters Facing Challenges* *(released November 2009)*

09-08 *China Continues to Buy BC Goods* *(released October 2009)*

09-07 *Energy Exports are Powering Down...For Now* *(released September 2009)*

09-06 *Adding Some Heat to Trade with India* *(released August 2009)*

09-05 *Trade with the Other Americas* *(released July 2009)*

09-04 *The State of Canada's Trade with the USA* *(released June 2009)*

09-03 *British Columbia's Trade Balance Tipped in Favour of Imports* *(released May 2009)*

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08-08 *Milking the System: Is Canada's Supply Management System an Impediment to Free Trade?* *(released October 2008)*

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08-06 *Bad News for Newsprint Exports* *(released August 2008)*

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08-02 *Call of the Loonie: American Film and Television Productions Shun BC in 2007* *(released April 2008)*

08-01 *BC Commodity Exports: Year in Review 2007* *(released March 2008)*

NOTES

Countries Included Within World Regions:

(1) Western Europe: United Kingdom, Ireland, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

(2) Eastern Europe: other Europe, including all of Russia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, etc.

(3) South East Asia: Malaysia, Brunei Darussalam, Singapore, Myanmar, Kampuchea, Laos, Indonesia, Philippines, Thailand, Vietnam.

(4) Africa: continental Africa, excluding Ethiopia, Libya, Somalia, Sudan, Egypt.

(5) South America: continental South America from Colombia and Venezuela south to Chile and Argentina, including offshore islands, but not Caribbean.

(6) Central America and Caribbean: from Guatemala and Belize to Panama, plus Caribbean Islands.

(7) Pacific Rim (including Japan): Japan, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, China, Indonesia, North Korea, South Korea, Philippines, Macau, Taiwan, Thailand, Vietnam, Australia, Fiji, New Zealand.

(8) Pacific Rim: as above, but excluding Japan.

(9) Middle East: from Turkey and Iran south through the Arabian Peninsula. Excluding Afghanistan and Pakistan, but including Cyprus, Ethiopia, Egypt, Somalia, Sudan and Libya.

The **European Union** is the membership as of January 1, 2007: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

'Selected Value-added Wood Products' category includes prefabricated houses, doors, windows, furniture, moulding, siding, etc. It does not include panel products, shakes, shingles or any pulp and paper products.

Revisions

Statistics Canada revises trade data for the previous three data years with release of the December data. The revision number is indicated in the footer of the tables (e.g., Rev 1 is the first annual revision, etc., and Prelim indicates it is the first release of data to December for that year). In addition to annual revisions, Statistics Canada revises the data for the previous data year every quarter (indicated in the footer by Rev Q1, etc) as well as with the release of the January and February data.

Service Offered for Detailed Trade Statistics

For BC government statistics users requiring more detailed information on exports or imports, a special report service is offered through the address below:

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This service is provided through the Trade Research and Inquiry Package (TRIP) computer reporting system. TRIP offers user-defined tabulations of export or import statistics for BC, Canada, the United States and other countries. Tabulations can include information on commodities, countries, US states, years, months, mode of transport, etc.